

TIM SCOTT, SOUTH CAROLINA, CHAIRMAN  
ELIZABETH WARREN, MASSACHUSETTS, RANKING MEMBER

MIKE CRAPO, IDAHO  
MIKE ROUNDS, SOUTH DAKOTA  
THOM TILLIS, NORTH CAROLINA  
JOHN KENNEDY, LOUISIANA  
BILL HAGERTY, TENNESSEE  
CYNTHIA LUMMIS, WYOMING  
KATIE BOYD BRITT, ALABAMA  
PETE RICKETTS, NEBRASKA  
JIM BANKS, INDIANA  
KEVIN CRAMER, NORTH DAKOTA  
BERNIE MORENO, OHIO  
DAVID McCORMICK, PENNSYLVANIA

JACK REED, RHODE ISLAND  
MARK R. WARNER, VIRGINIA  
CHRIS VAN HOLLEN, MARYLAND  
CATHERINE CORTEZ MASTO, NEVADA  
TINA SMITH, MINNESOTA  
RAPHAEL G. WARNOCK, GEORGIA  
ANDY KIM, NEW JERSEY  
RUBEN GALLEGO, ARIZONA  
LISA BLUNT ROCHESTER, DELAWARE  
ANGELA D. ALSOBROOKS, MARYLAND

JANIE FAULKNER, STAFF DIRECTOR  
JON DONENBERG, DEMOCRATIC STAFF DIRECTOR

## United States Senate

COMMITTEE ON BANKING, HOUSING, AND  
URBAN AFFAIRS

WASHINGTON, DC 20510-6075

July 1, 2026

The Honorable Christopher Waller  
Governor  
Federal Reserve Board  
20th Street and Constitution Ave NW  
Washington, D.C. 20551

Dear Governor Waller:

I write regarding your recently announced proposal to “transform” the operational structure and governance of the Federal Reserve System’s twelve regional Reserve Banks. Your proposal, which would unilaterally concentrate additional authority at the Federal Reserve Board in Washington, D.C., appears to be inconsistent with the Federal Reserve Act. It is the purview of Congress, not a single Federal Reserve governor, to enact such significant Federal Reserve structural reforms. Rather than a serious effort to reform the Federal Reserve System, the proposal appears, instead, to be a thinly veiled effort to please President Trump, who seeks additional power over regional Reserve Bank presidents. I request that you immediately stop all work on this proposal and provide additional information to Congress.

The Federal Reserve System is a powerful institution. It sets short-term interest rates to pursue stable prices and maximum employment, performs fiscal agency work for the U.S. Treasury Department, operates the economy’s core payments rails, circulates currency and coin to financial institutions, and supervises a significant share of the banking system.<sup>1</sup> In the Federal Reserve Act, Congress sought to disaggregate this power across a decentralized system of twelve quasi-private regional Reserve Banks overseen by a public Board of Governors in Washington.<sup>2</sup>

Today, pursuant to Section 4 of the Federal Reserve Act, power over the day-to-day operations of the regional Reserve Banks is vested in a president who is appointed and overseen by a regional board of directors.<sup>3</sup> All employees of the regional Reserve Banks are “directly responsible” to that president.<sup>4</sup> Consistent with the statute, past efforts to centralize regional Reserve Bank functions for purposes of efficiency and cost-savings were developed and executed voluntarily by consensus of the twelve presidents, given their independent statutory authority. Section 11 of the Federal Reserve Act provides the Federal Reserve Board certain

---

<sup>1</sup> Congressional Research Service, “Structure and Functions of the Federal Reserve System,” Marc Labonte, December 26, 2012, [https://www.congress.gov/crs\\_external\\_products/RS/PDF/RS20826/RS20826.18.pdf](https://www.congress.gov/crs_external_products/RS/PDF/RS20826/RS20826.18.pdf).

<sup>2</sup> Federal Reserve Bank of Kansas City, “Looking Back: The Creation of the Federal Reserve,” Tim Todd, April 30, 2025, <https://www.kansascityfed.org/ten/looking-back-the-creation-of-the-federal-reserve/>.

<sup>3</sup> 12 U.S.C. 341.

<sup>4</sup> *Id.*

oversight authorities over the regional Reserve Banks, including the authority to examine them, approve their officers' salaries, and suspend their officers.<sup>5</sup>

Despite these legal limitations, you outlined a proposal in two recent speeches in which you would “transform” the operational structure and governance of the Federal Reserve System with respect to the regional Reserve Banks.<sup>6</sup> Your proposal would require regional Reserve Banks to “give up day-to-day control of many parts of their operations,” including information technology, human resources (HR), financial management, enterprise risk management, and payments.<sup>7</sup> The ability for the Federal Reserve Board to exercise control over all of these functions, including the administrative infrastructure necessary to hire and fire staff, would represent a significant erosion of the Fed’s decentralized structure.

To implement this proposal, you wish to proceed in two steps. To start, all of these functions would operate under the control of a single Fed leader, though you have not clarified how this leader would be selected or by whom, or where the leader would be stationed.<sup>8</sup> After some period of time, these functions would then be physically consolidated in one of the existing twelve regional Reserve Banks that is selected to serve as the “contractor” for that function.<sup>9</sup> According to a speech you gave in May, the twelve regional Reserve Bank presidents have developed a “framework” to implement this vague proposal and have “moved rapidly,” although “there are still details to be worked out.”<sup>10</sup> It seems unlikely that the regional Reserve Bank presidents developed this “framework” organically, as part of their day-to-day operational duties, in a manner that conveniently aligned with your own proposal. Instead, it appears that you may have directed the Reserve Bank presidents to implement your proposal. It is unclear what legal authority you have cited or what other levers of oversight authority (e.g., annual budget) you may have used to directly or indirectly pressure the regional Reserve Bank presidents.

You have not publicly released the official “framework,” but from your description, it appears to be inconsistent with the statute. Section 4 of the Federal Reserve Act places control over the operations of each regional Reserve Bank in the regional bank president and board of directors—not in a single Fed Governor or the full Federal Reserve Board in D.C.<sup>11</sup> Though it provides the Federal Reserve Board with some important oversight authority, Section 11 of the Federal Reserve Act does not provide the Board with the ability to control regional Reserve Banks’ day-

---

<sup>5</sup> 12 U.S.C. 248.

<sup>6</sup> Board of Governors of the Federal Reserve System, “Modernizing Federal Reserve Operations in the 21st Century,” Governor Christopher J. Waller, April 21, 2026, <https://www.federalreserve.gov/newsevents/speech/waller20260421a.htm>; Board of Governors of the Federal Reserve System, “Update On Federal Reserve Bank Operations,” Governor Christopher J. Waller, May 8, 2026, <https://www.federalreserve.gov/newsevents/speech/waller20260508a.htm>.

<sup>7</sup> Board of Governors of the Federal Reserve System, “Update On Federal Reserve Bank Operations,” Governor Christopher J. Waller, May 8, 2026, <https://www.federalreserve.gov/newsevents/speech/waller20260508a.htm>.

<sup>8</sup> Board of Governors of the Federal Reserve System, “Modernizing Federal Reserve Operations in the 21st Century,” Governor Christopher J. Waller, April 21, 2026, <https://www.federalreserve.gov/newsevents/speech/waller20260421a.htm>.

<sup>9</sup> *Id.*

<sup>10</sup> Board of Governors of the Federal Reserve System, “Update On Federal Reserve Bank Operations,” Governor Christopher J. Waller, May 8, 2026, <https://www.federalreserve.gov/newsevents/speech/waller20260508a.htm>.

<sup>11</sup> 12 U.S.C. 341.

to-day operations, as envisioned by your proposal.<sup>12</sup>

I am concerned that your proposal, rather than a serious effort to reform the Federal Reserve System, may be designed to win approval from President Trump. Since taking office a second time, the President has attempted to fire Governor Lisa Cook and, through his Justice Department, launched pretextual criminal investigations into Cook and former Chair Jerome Powell, after both refused to lower interest rates on President Trump's preferred timeline.<sup>13</sup> Thus far, the regional Reserve Bank presidents have refused to submit to Trump's wishes on monetary policy. Your efforts to diminish their power appear part of his plan to bring them to heel.<sup>14</sup>

All efforts to implement this framework must cease immediately. In addition, I request that you provide answers to the following questions and the requested documents by July 16, 2026:

1. Please provide the centralization "framework" document and any presentations or memoranda prepared by, or provided to, the Federal Reserve Board in developing the framework.
2. On April 21, 2026, you described two distinct models for operational centralization.<sup>15</sup> The first preserves the current physical footprint of the Reserve Banks and places each support function under centralized Fed leadership. The second physically consolidates functions into a small number of operations centers in lower-cost cities. Which of these two models is the framework that you describe as "now in place"?<sup>16</sup>
  - a. If it is the first model, do you intend to pursue the second, and on what timeline? Please identify each regional Reserve Bank whose functions, facilities or employment levels are expected to be reduced, consolidated, or eliminated under the framework.
3. Your second model contemplates that "outsourcing certain activities should occur if the opportunity for cost savings warrants it."<sup>17</sup> Which functions are candidates for outsourcing to private vendors? What due diligence, data security, and oversight requirements would govern such arrangements, and how would the Fed ensure continued control over and confidentiality of sensitive financial and supervisory data handled by third parties?
4. Please provide a copy of the Federal Reserve Board's legal analysis that supports this

---

<sup>12</sup> 12 U.S.C. 248.

<sup>13</sup> NPR, "What to know about Trump's ugly feud with the Federal Reserve," Scott Horsley, January 13, 2026, <https://www.npr.org/2026/01/13/nx-s1-5674777/trump-federal-reserve-jerome-powell>.

<sup>14</sup> CNBC, "Fed holds rates steady but with highest level of dissent since 1992," Jeff Cox, April 29, 2026, <https://www.cnbc.com/2026/04/29/fed-interest-rate-decision-april-2026.html>.

<sup>15</sup> Board of Governors of the Federal Reserve System, "Modernizing Federal Reserve Operations in the 21st Century," Governor Christopher J. Waller, April 21, 2026, <https://www.federalreserve.gov/newsevents/speech/waller20260421a.htm>.

<sup>16</sup> Board of Governors of the Federal Reserve System, "Update On Federal Reserve Bank Operations," Governor Christopher J. Waller, May 8, 2026, <https://www.federalreserve.gov/newsevents/speech/waller20260508a.htm>.

<sup>17</sup> Board of Governors of the Federal Reserve System, "Modernizing Federal Reserve Operations in the 21st Century," Governor Christopher J. Waller, April 21, 2026, <https://www.federalreserve.gov/newsevents/speech/waller20260421a.htm>.

framework. The analysis, at a minimum, should identify the specific provisions of the Federal Reserve Act that provide the Federal Reserve Board the authority to:

- a. Require a Reserve Bank to surrender day-to-day control of a function to a single “contractor” Reserve Bank.
  - b. Reduce the employment of any Reserve Bank or Branch.
  - c. Outsource a Reserve Bank function to a private vendor.
5. Has the Federal Reserve’s Office of Inspector General reviewed the framework? If so, please provide its findings.
  6. Have you suggested to any regional Reserve Bank presidents that the Federal Reserve Board may not approve the regional Reserve Bank’s annual budget if they refuse to implement your framework?
  7. On May 8, 2026, you stated that your proposed framework did not require a vote or full approval by the Federal Reserve Board.<sup>18</sup> Please identify the provision of the Federal Reserve Act that vests this authority in a single Governor.
  8. You describe the Federal Reserve Board’s function in this framework as “oversight, not decisionmaking,” and state that the framework is one “the presidents have developed.”<sup>19</sup> Yet you also state that you have been pushing this change “since I was given my oversight role in 2022,” and that what must change is the Banks’ long-held expectation of consensus.<sup>20</sup> These are contradictory statements. Did the presidents independently develop the framework or did you direct them to do so? Do you have any evidence to support the claim that you have pushed for this proposal since 2022?
  9. You serve as Chair of the Committee on Federal Reserve Bank Affairs. Have other Committee members reviewed and approved this framework or did you design it unilaterally? Please provide all meeting minutes and recorded votes of the Committee where this proposed framework was discussed and approved.
  10. Under the framework, what role will you or the Federal Reserve Board play in hiring leadership of any centralized Fed functions? Will the regional Reserve Bank presidents and boards of directors have authority and discretion to hire the leadership of the newly centralized Fed functions?
  11. On April 21, 2026, you stated that “benchmarking against the private sector is unavoidable” and that the System is ‘significantly ‘off-market’ on IT costs.”<sup>21</sup> Please provide all benchmarking analyses, cost studies, and any other cost-benefit analysis

---

<sup>18</sup> Hoover Institution, “Independence, Structure, and Risks Ahead for Central Banks,” May 8, 2026, <https://www.youtube.com/live/SJxWQyIg8ds>.

<sup>19</sup> Board of Governors of the Federal Reserve System, “Update On Federal Reserve Bank Operations,” Governor Christopher J. Waller, May 8, 2026, <https://www.federalreserve.gov/newsevents/speech/waller20260508a.htm>.

<sup>20</sup> *Id.*

<sup>21</sup> Board of Governors of the Federal Reserve System, “Modernizing Federal Reserve Operations in the 21st Century,” Governor Christopher J. Waller, April 21, 2026, <https://www.federalreserve.gov/newsevents/speech/waller20260421a.htm>.

conducted in support of this reorganization

12. Did you engage any external consultants or firms to develop the framework or conduct any of the benchmarking analyses or cost studies? If yes, provide copies of their work product and engagement terms.
13. On April 21, you were asked about the financial savings of this proposed reorganization. You declined to commit to a specific figure.<sup>22</sup> Please provide the:
  - a. Projected gross and net cost savings expected from the framework.
  - b. Time horizon over which they are to be realized.
  - c. One-time transition and severance costs that must be incurred to achieve them.
  - d. Methodology and assumptions on which those projections rest.
  - e. Expected change in annual remittances to the Treasury.
14. You present centralization as reducing operational and cybersecurity risk. Concentrating the IT, payments, and other functions that support the movement of trillions of dollars each day also creates the potential for a single point of failure. Please provide any analysis the Federal Reserve Board conducted on the concentration risk, operational resilience, and cybersecurity risks posed by this centralization, and what redundancy and continuity-of-operations safeguards are built into the framework?

CC:

The Honorable Kevin Warsh, Chairman  
The Honorable Philip Jefferson, Vice Chairman  
The Honorable Michelle Bowman, Vice Chair for Supervision  
The Honorable Jerome Powell, Governor  
The Honorable Lisa Cook, Governor  
The Honorable Micahel Barr, Governor  
President Susan Collins, Federal Reserve Bank of Boston  
President John Williams, Federal Reserve Bank of New York  
President Anna Paulson, Federal Reserve Bank of Philadelphia  
President Beth Hammack, Federal Reserve Bank of Cleveland  
President Tom Barkan, Federal Reserve Bank of Richmond  
Interim President Cheryl Venable, Federal Reserve Bank of Atlanta  
President Austan Goolsbee, Federal Reserve Bank of Chicago  
President Alberto Musalem, Federal Reserve Bank of St. Louis  
President Neel Kashkari, Federal Reserve Bank of Minneapolis  
President Jeffrey Schmid, Federal Reserve Bank of Kansas City  
President Lorie Logan, Federal Reserve Bank of Dallas  
President Mary Daly, Federal Reserve Bank of San Francisco

---

<sup>22</sup> Brookings, "Fed Governor Christopher Waller: Transforming the Fed's operations for the 21st century," April 21, 2026, <https://www.brookings.edu/events/fed-governor-christopher-waller-transforming-the-feds-operations-for-the-21st-century/>.

Sincerely,

A handwritten signature in blue ink, reading "Elizabeth Warren". The signature is fluid and cursive, with a prominent initial "E".

---

Elizabeth Warren  
Ranking Member  
Committee on Banking,  
Housing, and Urban Affairs